Testimony of Connecticut Children's Medical Center
to the Insurance and Real Estate Committee
Regarding House Bill 5042*, An Act Concerning Health Care Cost Growth*

March 1, 2022

Senator Lesser, Representative Wood, and members of the Insurance and Real Estate Committee, thank you for the opportunity to share our thoughts about House Bill 5042, *An Act Concerning Health Care Cost Growth.*

Before commenting on the bill, we wish to share some background on our organization. Connecticut Children's is a nationally recognized, 187-bed not-for-profit children's hospital driving innovation in pediatrics. With over 2,800 employees, more than 1,300 on our medical staff, and locations spread across our region, we are Connecticut's only independent children's health system.

Our focus on children differentiates us from all other hospitals in several key ways including: our payer mix—more than half of our care is for patients who rely on Medicaid and we receive almost no Medicare payments, and our costs, which are predictably higher because children need more hands-on care. It is worth noting that more than half of our inpatient care is for infants and 70% is for children under age 6.

The goal of House Bill 5042, and the underlying Executive Order #5, is to improve the efficiency of health care spending and improve outcomes. Connecticut Children's supports these goals and we demonstrate that support through our strategic partnership with local primary care pediatricians. By sharing best practices, care protocols and guidance to primary care physicians throughout the State, Connecticut Children's is helping pediatricians to manage the care they provide to children and adolescents more effectively across the care continuum. Not only does this help reduce costly hospital visits, it allows children to receive care in a more familiar location and improves access to Connecticut Children's specialists.

The Connecticut Children's Care Network currently includes more than 200 providers at 46 locations across the State. By leveraging the combined scope and knowledge of the hospital, our specialists and primary care pediatricians, we are building a stronger pediatric community that will improve care and reduce costs. On January 1, 2020, our Care Network became the first pediatric-focused Advanced Network in the Department of Social Services' PCMH+ initiative and in 2021 Connecticut Children's Care Network achieved the highest amount of savings of any network enrolled in the state PCMH+ program.

At Connecticut Children's we know the future of health care means more innovative payment models based on outcomes, as opposed to patient volumes. Programs and services that address families' social determinants of health are necessary to ensure the future wellbeing of the State's children but there are challenges to bring them to scale without appropriately structured reimbursement mechanisms from our payers. This is why we are actively pursuing value-based reimbursement arrangements with our private payers and we are eager to partner

with the Department of Social Services to consider innovative payment models that can address some of the most critical issues facing the HUSKY program including newborn care and behavioral health services. With the support of our payers, we can build pediatric systems of care that address population health and improve each child's ability to grow, learn and succeed. In many ways, Connecticut Children's is already doing this work through a range of programs tackling issues like asthma, opioid dependence, home hazards, domestic violence, teen driving safety, sexually transmitted diseases, and suicide.

We appreciate the goals of HB 5042 but would ask that legislators consider the following amendments to the proposed legislation:

Require Reauthorization

The legislation should authorize the benchmarks and targets through 2025 and require their reauthorization by the legislature for implementation beyond that date.
As we continue the work of implementing the benchmarks and targets, we should acknowledge that we cannot be fully aware of the impacts of their implementation. We do not know yet their full effect on patient access, care innovation, care delivery, and care and service-line expansion. It is also too early to identify how the pandemic will affect the future of healthcare delivery in our state. There is no analogue for attempting to implement a statewide healthcare spending target in the midst of a global pandemic.
The legislature should acknowledge both the potential promise of benchmark implementation, while being thoughtful in planning that implementation.

Benchmark Development and Evaluation

In addition to the factors outlined in the legislation, OHS should also be required to consider other factors like the adequacy of public payer (i.e., Medicare and Medicaid) provider reimbursement rates, labor costs, medical inflation, the costs of breakthrough treatments and medical advances, and the impact of the COVID-19 pandemic and future public health emergencies when setting the benchmark values.

Public Process for Evaluating Benchmark Values

The OHS executive director should be required to hold a public hearing on the benchmark values and report publicly on why such values are either maintained or changed after the hearing.

Public Reports

In addition to the requirements outlined in the legislation, the required annual report by OHS should also include information on payer and provider input costs, including pharmaceutical costs, the adequacy of Medicare and Medicaid payment rates as they relate to the cost of care, the impact of the rate of inflation and rate of medical inflation, impacts on access to care, medical service expansion, and pursuit of medical innovation, the effect of patient acuity, and any impact on the response to a public health crisis.

Analyzing Benchmark Attainment

- The legislation should be amended to clarify that a payer or provider that is found to have not met the benchmark target should have the opportunity to meet directly with the OHS executive director to discuss the factual basis for the executive director's finding on noncompliance, provide information to dispute or contextualize such finding, and request that the executive director amend the finding. The names of payers and providers subject to this process should remain confidential
- Public reporting on attainment of the benchmark should be done at the state, market, and provider type levels

Connecticut Children's stands ready to be a resource to the Office of Health Strategy as they implement this initiative because it will be important to consider how these efforts may differentially impact health care systems that support children. As stated above, costs in children's hospitals are predictably higher in pediatrics because our young patients need more hands-on care. Nationally, the development of health care quality metrics in pediatrics has lagged behind that process in adult medicine and often the metrics that are most central in children's health care are different that in adult systems.

Thank you for your consideration of our position. If you have any questions about this testimony, please contact Emily Boushee, Connecticut Children's Government Relations Associate at eboushee@connecticutchildrens.org.